

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 8-K

CURRENT REPORT
Pursuant to Section 13 or 15(d)
of the Securities Exchange Act of 1934

Date of Report (Date of earliest event reported): March 6, 2020

Portman Ridge Finance Corporation
(Exact name of registrant as specified in its charter)

Delaware
(State or other jurisdiction
of incorporation)

814-00735
(Commission
File Number)

20-5951150
(IRS Employer
Identification No.)

650 Madison Avenue, 23rd Floor
New York, New York
(Address of principal executive offices)

10022
(Zip Code)

(Registrant's telephone number, including area code): (212) 891-2880

Not Applicable
(Former name or former address, if changed since last report)

Check the appropriate box below if the Form 8-K filing is intended to simultaneously satisfy the filing obligation of the registrant under any of the following provisions:

- ☐ Written communications pursuant to Rule 425 under the Securities Act (17 CFR 230.425)
- ☐ Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR 240.14a-12)
- ☐ Pre-commencement communications pursuant to Rule 14d-2(b) under the Exchange Act (17 CFR 240.14d-2(b))
- ☐ Pre-commencement communications pursuant to Rule 13e-4(c) under the Exchange Act (17 CFR 240.13e-4(c))

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Trading Symbol(s)	Name of each exchange on which registered
Common Stock, par value \$0.01 per share	PTMN	The NASDAQ Global Select Market
6.125% Notes due 2022	KCAPL	The NASDAQ Global Select Market

Indicate by check mark whether the registrant is an emerging growth company as defined in Rule 405 of the Securities Act of 1933 (17 CFR §230.405) or the Securities Exchange Act of 1934 (17 CFR §240.12b-2). ☐

Emerging growth company ☐

If an emerging growth company, indicate by check mark if the registrant has elected not to use the extended transition period for complying with any new or revised financial accounting standards provided pursuant to Section 13(a) of the Exchange Act. ☐

Item 2.02 Results of Operations and Financial Condition.

On March 6, 2020, Portman Ridge Finance Corporation (the “Company”) issued a press release announcing its financial results for the fiscal year ended December 31, 2019. The text of the press release is included as Exhibit 99.1 to this Form 8-K.

On March 9, 2020, the Company will host a conference call to discuss its financial results for the fiscal year ended December 31, 2019. In connection therewith, the Company provided a presentation on its website at <http://www.portmanridge.com/home>. A copy of the presentation is attached hereto as Exhibit 99.2.

The information disclosed under this Item 2.02, including Exhibits 99.1 and 99.2 hereto, is being furnished and shall not be deemed “filed” for purposes of Section 18 of the Securities Exchange Act of 1934 and shall not be deemed incorporated by reference into any filing made under the Securities Act of 1933, except as expressly set forth by specific reference in such filing.

Item 9.01 Financial Statements and Exhibits.

(d) Exhibits:

<u>Exhibit Number</u>	<u>Description</u>
99.1	Press Release, dated March 6, 2020
99.2	Portman Ridge Finance Corporation 2019 Q4 Earnings Presentation

SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: March 9, 2020

Portman Ridge Finance Corporation

By: /s/ Edward U. Gilpin

Name: Edward U. Gilpin

Title: Chief Financial Officer



Portman Ridge Finance Corporation Announces Full Year 2019 Financial Results; Board Authorizes Stock Repurchase Program

March 6, 2020

NEW YORK, March 06, 2020 (GLOBE NEWSWIRE) — Portman Ridge Finance Corporation (Nasdaq: PTMN) (the “Company”) announces its full year 2019 financial results; Board authorizes Stock Repurchase Program

Recent Developments

As previously announced, the Company successfully closed on the merger of OHA Investment Corporation (“OHAI”) on December 18, 2019.

On February 5, 2020, the Board of Directors of the Company approved a cash distribution of \$0.06 per share of common stock. The distribution was paid on February 28, 2020.

On March 5, 2020, the Board of Directors of the Company approved a \$10 million stock repurchase program.

Financial Highlights

- Net investment income for the year ended December 31, 2019 was approximately \$3.1 million, or \$0.08 per basic share, compared with net investment income of approximately \$10.0 million, or \$0.27 per basic share in the year ended December 31, 2018. Excluding approximately \$4.8 million of expenses incurred in connection with the Externalization, net investment income was \$7.9 million, or \$0.21 per basic share.
- Net investment income for the fourth quarter of 2019 was approximately \$2.1 million, or \$0.06 per basic share, consistent with the prior quarter.
- On December 18, 2019, we completed our acquisition of OHA Investment Corporation (“OHAI”). The transaction was structured as a “NAV for NAV” merger, whereby the Company acquired approximately \$34.3 million of OHAI’s net assets at closing in exchange for cash and approximately 7.4 million shares of the Company’s common stock issued at NAV.
- At December 31, 2019, the fair value of the Company’s investments totaled approximately \$278 million.
- Net asset value per share as of December 31, 2019 was \$3.40.
- Quarterly distribution paid was \$0.06 per share.

Ted Goldthorpe, Chief Executive Officer of Portman Ridge Finance Corporation, noted, “We are excited to have completed the merger with OHAI as we continue to seek opportunities to increase the scale of Portman Ridge and drive shareholder value. Since becoming manager in April 2019, we have successfully increased the underlying yields on the portfolio while also increasing the percentage of senior secured Debt Securities through the broad sourcing channels at BC Partners. Additionally, we have made significant progress on a similar transformation of the OHAI portfolio during the first quarter in 2020. Overall, we are pleased with our earnings quality and growth as we continue with the repositioning of the portfolio. Our stock repurchase program gives us another tool to selectively deploy capital in an accretive manner for shareholders.”

Operating Results

For the year ended December 31, 2019, the Company reported total investment income of approximately \$26.5 million as compared to approximately \$27.1 million for the year ended 2018. Investment income from debt securities in the year was approximately \$15.1 million, compared with approximately \$16.1 million in 2018. The decline was primarily due to the decrease in LIBOR rates during the year and the ramping of investments during the first half of 2019. Investment income on CLO fund securities for the year ended December 31, 2019 and 2018 was approximately \$6.4 million. Investment income from Joint Ventures in 2019 was approximately \$4.9 million, an increase of approximately \$1.8 million compared to 2018, due primarily to our investment in the Great Lakes joint venture which occurred late in 2018 and did not contribute meaningfully to 2018 investment income.

For the quarter ended December 31, 2019, the Company reported total investment income of approximately \$6.7 million as compared to approximately \$6.3 million in the same period last year. Investment income from debt securities in the quarter was approximately \$4.0 million, compared with approximately \$3.1 million in the fourth quarter of 2018. Investment income on CLO fund securities in the quarter was approximately \$1.3 million compared with approximately \$1.7 million in the fourth quarter of 2018. Investment income from Joint Ventures in the fourth quarter of 2019 was approximately \$1.3 million, up from approximately \$1.0 million in the same period of 2018.

For the year ended December 31, 2019, total expenses were approximately \$23.4 million, compared to approximately \$17.1 million for the year ended December 31, 2018. Excluding the costs associated with the Externalization, total expenses for the year were approximately \$18.6 million. Interest expense and amortization on debt issuance costs for the year ended December 31, 2019 were approximately \$8.3 million, versus approximately \$7.4 million for the year ended December 31, 2018.

For the three months ended December 31, 2019, total expenses were approximately \$4.6 million, compared to approximately \$4.2 million for the three months ended December 31, 2018. Interest expense and amortization of debt issuance costs were approximately \$2.2 million during the fourth quarter of 2019 compared with approximately \$1.8 million in the same period last year.

Net investment income for the fourth quarter of 2019 was approximately \$2.1 million, or \$0.06 per basic share, essentially the same as the fourth quarter of 2018. Net realized and unrealized depreciation on investments for the three months ended December 31, 2019 was approximately \$2.4 million, as compared to net realized and unrealized depreciation on investments of approximately \$(14.3) million for the same period in 2018.

Portfolio and Investment Activity

The fair value of our portfolio was approximately \$278 million as of December 31, 2019. The composition of our investment portfolio at December 31, 2019 and December 31, 2018 at cost and fair value was as follows:

Security Type	December 31, 2019			December 31, 2018		
	Cost/Amortized Cost	Fair Value	%	Cost/Amortized Cost	Fair Value	%
Short-term investments	\$ 4,207,107	\$ 4,207,107	2	\$ 44,756,478	\$ 44,756,478	17
Senior Secured Loan	91,245,574	88,788,639	32	86,040,921	77,616,209	28
Junior Secured Loan	100,655,341	95,188,373	34	76,223,561	70,245,535	26
Senior Unsecured Bond	620,145	403,615	—	—	—	—
Subordinated Note	2,165,304	2,422,281	1	—	—	—
CLO Fund Securities	46,618,717	31,968,202	12	55,480,626	44,325,000	16
Equity Securities	22,160,993	9,864,419	4	9,477,763	2,038,020	1
Asset Manager Affiliates	17,791,230	—	—	17,791,230	3,470,000	1
Joint Ventures	48,594,539	45,087,967	16	37,381,525	30,857,107	11
Derivatives	30,609	(33,437)	—	—	—	—
Total	<u>\$ 334,089,559</u>	<u>\$ 277,897,166</u>	<u>100 %</u>	<u>\$ 327,152,104</u>	<u>\$ 273,308,349</u>	<u>100 %</u>

Stockholder distribution

As previously announced, on February 5, 2020 the Board of Directors of the Company approved a cash distribution of \$0.06 per share of common stock. The distribution was paid on February 28, 2020 to stockholders of record at the close of business as of February 18, 2020.

The Board evaluates a number of factors in determining the amount of the yearly distribution, including the amount required to be distributed in order for the Company to maintain its status as a “regulated investment company” under the Internal Revenue Code.

We have adopted a Dividend Reinvestment Plan (“DRIP”) that provides for reinvestment of our distributions on behalf of our stockholders, unless a stockholder elects to receive cash. As a result, if we declare a cash distribution, our stockholders who have not “opted out” of our DRIP will have their cash distributions automatically reinvested in additional shares of our common stock, rather than receiving cash. Please contact your broker or other financial intermediary for more information regarding the DRIP. Distributions may include net investment income, capital gains and/or return of capital. The tax status of distributions will be determined at the end of the taxable year.

Liquidity and Capital Resources

At December 31, 2019, we had unrestricted cash and short-term investments of approximately \$4.3 million and approximately \$24.4 million of asset sales awaiting settlement, total assets of approximately \$310 million and stockholders’ equity of approximately \$152 million. Our net asset value per common share was \$3.40. As of December 31, 2019, we had approximately \$157.0 million (par value) of borrowings outstanding (\$153.9 million net of capitalized costs) with a weighted average interest rate of approximately 5.4%. Our asset coverage ratio stood at 195% as of December 31, 2019 but increased subsequent to quarter end as the previously noted asset sales were completed and some of the proceeds were used to pay down outstanding debt.

Subject to prevailing market conditions, we intend to grow our portfolio of assets by raising additional capital, including through the prudent use of leverage available to us. As a result, we may seek to enter into new agreements with other lenders or into other financing arrangements as market conditions permit. Such financing arrangements may include a new secured and/or unsecured credit facility or the issuance of unsecured debt or preferred stock.

The Board of Directors has authorized us to repurchase up to \$10 million of common stock under a stock repurchase program. Under this repurchase program, shares may be repurchased from time to time in open market transactions, in privately negotiated transactions or otherwise subject to any agreement to which we are party including any restrictions in the indenture for our 6.125% Notes Due 2022. The timing and actual number of shares repurchased will depend on a variety of factors, including legal requirements, price, and economic and market conditions. This repurchase program may be suspended or discontinued at any time. Subject to these restrictions, we will selectively pursue opportunities to repurchase shares which are accretive to net asset value per share.

Conference Call and Webcast

We will hold a conference call on Monday March 9, 2020 at 2:30 pm Eastern Time to discuss our full year 2019 financial results. Stockholders, prospective stockholders and analysts are welcome to listen to the call or attend the webcast.

To access the call please dial (866) 757-5630 approximately 10 minutes prior to the start of the conference call. No password is required. A live audio webcast of the conference call can be accessed via the Internet, on a listen-only basis on our Company’s website www.portmanridge.com in the Investor Relations section under Events. The online archive of the webcast will be available after 7pm Eastern Time for approximately 90 days.

About Portman Ridge Finance Corporation

Portman Ridge Finance Corporation (NASDAQ: PTMN) is a publicly traded, externally managed investment company that has elected to be regulated as a business development company under the Investment Company Act of 1940. Portman Ridge Finance Corporation's middle market investment business originates, structures, finances and manages a portfolio of term loans, mezzanine investments and selected equity securities in middle market companies. PTMN's investment activities are managed by its investment adviser, Sierra Crest Investment Management LLC, an affiliate of BC Partners Advisors, LP, (the "Adviser").

Portman Ridge Finance Corporation's filings with the Securities and Exchange Commission, earnings releases, press releases and other financial, operational and governance information are available on the Company's website at www.portmanridge.com.

The Portman Ridge Finance Corporation logo is available at <https://ml.globenewswire.com/Resource/Download/39c70ff2-a155-44fc-872b-f68105f0d5ad?size=0>

Cautionary Statement Regarding Forward-Looking Statements

This press release contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The matters discussed in this press release, as well as in future oral and written statements by management of Portman Ridge Finance Corporation, that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements.

Forward-looking statements relate to future events or our future financial performance and include, but are not limited to, projected financial performance, expected development of the business, plans and expectations about future investments and the future liquidity of the Company. We generally identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "outlook," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar words. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements.

Important assumptions include our ability to originate new investments, and achieve certain margins and levels of profitability, the availability of additional capital, and the ability to maintain certain debt to asset ratios. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this press release should not be regarded as a representation that such plans, estimates, expectations or objectives will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, (1) uncertainty of the expected financial performance of the Company, including following completion of the Externalization; (2) failure to realize the anticipated benefits of the Externalization; (3) the ability of the Company and/or BC Partners to implement its business strategy; (4) the risk that stockholder litigation in connection with the Externalization may result in significant costs of defense, indemnification and liability; (5) evolving legal, regulatory and tax regimes; (6) changes in general economic and/or industry specific conditions; (7) the impact of increased competition; (8) business prospects and the prospects of the Company's portfolio companies; (9) contractual arrangements with third parties; (10) any future financings by the Company; (11) the ability of the Advisor to attract and retain highly talented professionals; and (12) the Company ability to fund any unfunded commitments; (13) the successful completion of the Company's acquisition of OHAI and receipt of stockholder approval from OHAI's stockholders; (14) expectations concerning the proposed OHAI transaction, including the financial results of the combined company; and (15) any future distributions by the Company. Further information about factors that could affect our financial and other results is included in our filings with the Securities and Exchange Commission (the "SEC"). We do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required to be reported under the rules and regulations of the SEC.

Contact

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New York, NY 10022
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PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED BALANCE SHEETS

	December 31, 2019	December 31, 2018
ASSETS		
Investments at fair value:		
Short-term investments (cost: 2019 - \$4,207,107; 2018 - \$44,756,478)	\$ 4,207,107	\$ 44,756,478
Debt securities (amortized cost: 2019 - \$194,686,364; 2018 - \$162,264,482)	186,802,908	147,861,744
CLO Fund Securities managed by affiliates (amortized cost: 2019 - \$45,099,076; 2018 - \$4,407,106)	29,984,047	4,473,840
CLO Fund Securities managed by non-affiliates (amortized cost: 2019 - \$1,519,641; 2018 - \$51,073,520)	1,984,155	39,851,160
Equity securities (cost: 2019 - \$22,160,993; 2018 - \$9,477,763)	9,864,419	2,038,020
Asset Manager Affiliates (cost: 2019 - \$17,791,230; 2018 - \$17,791,230)	—	3,470,000
Joint Ventures (cost: 2019 - \$48,594,539; 2018 - \$37,381,525)	45,087,967	30,857,107
Derivatives (cost: 2019 - \$30,609; 2018 - \$0)	(33,437)	—
Total Investments at Fair Value (cost: 2019 - \$334,089,559; 2018 - \$327,152,104)	277,897,166	273,308,349
Cash	136,864	5,417,125
Restricted cash	4,967,491	3,907,341
Interest receivable	1,367,447	1,342,970
Receivable for unsettled trades	24,420,045	—
Due from affiliates	473,100	1,007,631
Other assets	1,112,150	481,265
Total Assets	<u>\$ 310,374,263</u>	<u>\$ 285,464,681</u>
LIABILITIES		
6.125% Notes Due 2022 (net of offering costs of: 2019-\$1,651,946; 2018 - \$2,207,341)	\$ 75,755,253	\$ 75,199,858
Great Lakes KCAP Funding I, LLC Revolving Credit Facility (net of offering costs of: 2018 - \$1,155,754)	—	25,200,331
Great Lakes Portman Ridge Funding LLC Revolving Credit Facility (net of offering costs of: 2019-\$1,462,364)	78,108,535	—
Payable for unsettled trades	—	23,204,564
Accounts payable and accrued expenses	1,386,981	3,591,910
Accrued interest payable	136,486	131,182
Due to affiliates	1,711,793	115,825
Management and incentive fees payable	1,076,645	—
Total Liabilities	158,175,693	127,443,670
COMMITMENTS AND CONTINGENCIES (NOTE 9)		
STOCKHOLDERS' EQUITY		
Common stock, par value \$0.01 per share, 100,000,000 common shares authorized; 45,024,535 issued, and 44,829,676 outstanding at December 31, 2019, and 37,521,705 issued, and 37,326,846 outstanding at December 31, 2018	448,297	373,268
Capital in excess of par value	451,353,379	306,784,387
Total distributable (loss) earnings	(299,603,106)	(149,136,644)
Total Stockholders' Equity	152,198,570	158,021,011
Total Liabilities and Stockholders' Equity	<u>\$ 310,374,263</u>	<u>\$ 285,464,681</u>
NET ASSET VALUE PER COMMON SHARE	<u>\$ 3.40</u>	<u>\$ 4.23</u>

PORTMAN RIDGE FINANCE CORPORATION
CONSOLIDATED STATEMENTS OF OPERATIONS

	For the Year Ended December 31,		
	2019	2018	2017
Investment Income:			
Interest from investments in debt securities	\$ 14,377,460	\$ 14,939,309	\$13,963,970
Payment-in-kind investment income	606,234	1,066,354	1,099,223
Interest from short-term investments	79,065	76,055	71,934
Investment income on CLO Fund Securities managed by affiliates	4,427,387	6,024,935	10,807,490
Investment income on CLO Fund Securities managed by non-affiliates	2,008,148	388,237	420,766
Dividends from Asset Manager Affiliates	—	1,246,510	460,000
Investment income - Joint Ventures	4,859,780	3,100,000	949,037
Capital structuring service fees	137,061	245,393	491,279
Total investment income	26,495,135	27,086,793	28,263,699
Expenses:			
Management fees	3,129,079	—	—
Performance-based incentive fees	—	—	—
Interest and amortization of debt issuance costs	8,261,445	7,403,436	7,661,407
Compensation	3,688,578	4,012,743	4,571,309
Professional fees	3,466,877	3,470,269	2,942,059
Insurance	704,592	321,268	347,175
Administrative services expense	1,243,587	—	—
Other general and administrative expenses	1,496,258	1,874,600	1,722,618
Lease termination costs	1,431,030	—	—
Total expenses	23,421,446	17,082,316	17,244,568
Management and performance-based incentive fees waived	—	—	—
Net Expenses	23,421,446	17,082,316	17,244,568
Net Investment Income	3,073,689	10,004,477	11,019,131
Realized And Unrealized (Losses) Gains On Investments:			
Net realized (losses) gains from investment transactions	(15,619,046)	(16,474,939)	(6,899,044)
Net change in unrealized (depreciation) appreciation on:			
Debt securities	6,519,282	(7,420,747)	4,194,914
Equity securities	(4,856,831)	(1,283,420)	(823,671)
CLO Fund Securities managed by affiliates	(6,875,007)	17,790,480	2,102,279
CLO Fund Securities managed by non-affiliates	3,380,119	(8,285,747)	(85,671)
Asset Manager Affiliates investments	—	(579,000)	1,401,000
Joint Venture Investments	3,017,847	(3,125,560)	(3,398,858)
Derivatives	(64,046)	—	—
Total net change in unrealized appreciation (depreciation)	1,121,364	(2,903,994)	3,389,993
Net realized and unrealized (depreciation) on investments	(14,497,682)	(19,378,933)	(3,509,051)
Realized losses on extinguishments of Debt	(1,075,968)	(197,090)	(4,121,998)
Net (Decrease) Increase In Stockholders' Equity Resulting From Operations	\$(12,499,961)	\$ (9,571,546)	\$ 3,388,082
Net (Decrease) Increase In Stockholders' Equity Resulting from Operations per Common Share:			
Basic:	\$ (0.33)	\$ (0.26)	\$ 0.09
Diluted:	\$ (0.33)	\$ (0.26)	\$ 0.09
Net Investment (Loss) Income Per Common Share:			
Basic:	\$ 0.08	\$ 0.27	\$ 0.30
Diluted:	\$ 0.08	\$ 0.27	\$ 0.30
Weighted Average Shares of Common Stock Outstanding—Basic	37,641,650	37,356,241	37,235,130
Weighted Average Shares of Common Stock Outstanding—Diluted	37,641,650	37,356,241	37,235,130



Source: Portman Ridge Finance Corporation



2019 Q4 Earnings Presentation

March 9, 2020

Cautionary Statement Regarding Forward-Looking Statements

This presentation contains forward-looking statements within the meaning of Section 27A of the Securities Act of 1933, as amended, and Section 21E of the Securities Exchange Act of 1934, as amended. The matters discussed in this presentation, as well as in future oral and written statements by management of Portman Ridge Finance Corporation ("PTMN", "Portman Ridge" or the "Company"), that are forward-looking statements are based on current management expectations that involve substantial risks and uncertainties which could cause actual results to differ materially from the results expressed in, or implied by, these forward-looking statements.

Forward-looking statements relate to future events or our future financial performance and include, but are not limited to, projected financial performance, expected development of the business, plans and expectations about future investments and the future liquidity of the Company. We generally identify forward-looking statements by terminology such as "may," "will," "should," "expects," "plans," "anticipates," "could," "intends," "target," "projects," "outlook," "contemplates," "believes," "estimates," "predicts," "potential" or "continue" or the negative of these terms or other similar words. Forward-looking statements are based upon current plans, estimates and expectations that are subject to risks, uncertainties and assumptions. Should one or more of these risks or uncertainties materialize, or should underlying assumptions prove to be incorrect, actual results may vary materially from those indicated or anticipated by such forward-looking statements.

Important assumptions include our ability to originate new investments, and achieve certain margins and levels of profitability, the availability of additional capital, and the ability to maintain certain debt to asset ratios. In light of these and other uncertainties, the inclusion of a projection or forward-looking statement in this press release should not be regarded as a representation that such plans, estimates, expectations or objectives will be achieved. Important factors that could cause actual results to differ materially from such plans, estimates or expectations include, among others, (1) uncertainty of the expected financial performance of the Company, including following completion of the Externalization; (2) failure to realize the anticipated benefits of the Externalization; (3) the ability of the Company and/or BC Partners to implement its business strategy; (4) the risk that stockholder litigation in connection with the Externalization may result in significant costs of defense, indemnification and liability; (5) evolving legal, regulatory and tax regimes; (6) changes in general economic and/or industry specific conditions; (7) the impact of increased competition; (8) business prospects and the prospects of the Company's portfolio companies; (9) contractual arrangements with third parties; (10) any future financings by the Company; (11) the ability of the Advisor to attract and retain highly talented professionals; and (12) the Company's ability to fund any unfunded commitments; (13) any future distributions by the Company; and (14) any future repurchases by the Company. Further information about factors that could affect our financial and other results is included in our filings with the Securities and Exchange Commission (the "SEC"). We do not undertake to publicly update or revise any forward-looking statements, whether as a result of new information, future events or otherwise, except as required to be reported under the rules and regulations of the SEC.

Earnings Highlights

- As of December 31st, 2019, our NAV stood at \$152.2 million or \$3.40 per share
 - NAV increased by \$19.5 million over the course of the quarter, driven mainly by the merger, which closed on December 18th, 2019, with OHA Investment Corporation ("OHAI") and the associated gains on investments (42% of which have been realized before quarter end). The merger was completed at NAV and Portman Ridge issued 7.4 million shares as part of the transaction
- Net investment income for the quarter was \$0.06 / share - in line with Portman Ridge's current quarterly distribution
- Concurrently with the merger, Portman Ridge refinanced its existing revolving credit facility with a rate of Libor+325bps with a new revolving credit facility with a rate of L+285bps. The refinancing will directly impact net investment income, as Portman Ridge's cost of debt decreased by \$4k per \$1mm of borrowings, which is expected to 100% flow through to the bottom line
- The focus remains on rotating the portfolio into high-quality, BC originated assets with an attractive risk-adjusted return profile – since the externalization of the management contract on March 31, 2019, BC Partners has been able to increase yields on NAV by 166 basis points in spite of a declining LIBOR headwind
 - Over the last three quarters, 32% of the legacy book has been rotated into BC Partners originated assets, and we continue to look for opportunities to cautiously redeploy capital in opportunities with asymmetric payoffs
- On March 5, 2020, the Portman Ridge Board of Directors approved a \$10 million stock repurchase program to opportunistically repurchase Portman Ridge shares in the open market

(\$ in '000s)	Q2 2019	Q3 2019	Q4 2019
NAV, Beginning of Period	\$143,686	\$139,178	\$132,723
Realized Gains (Losses) from Investments	(2,271)	(1,176)	(1,326) ⁽²⁾
Impact of Unrealized Gains (Losses)	543	(5,317)	(2,649) ⁽²⁾
Net Investment Income	2,311	2,242	2,147
Lease Impairment	(1,431)	--	--
Net Decrease in Assets Resulting from Distributions	(3,733)	(2,242)	(2,242)
Realized Gains (Losses) from Extinguishment of Debt	--	--	(1,076)
Impact of OHAI	--	--	25,824 ⁽³⁾
OHAI Transaction Expenses	--	--	(1,238)
Other Equity Changes	73	38	36
NAV, End of Period	\$139,178	\$132,723	\$152,199

1. Performance is presented for periods since the externalization of the Company's adviser.

2. Excluding gains from OHAI merger.

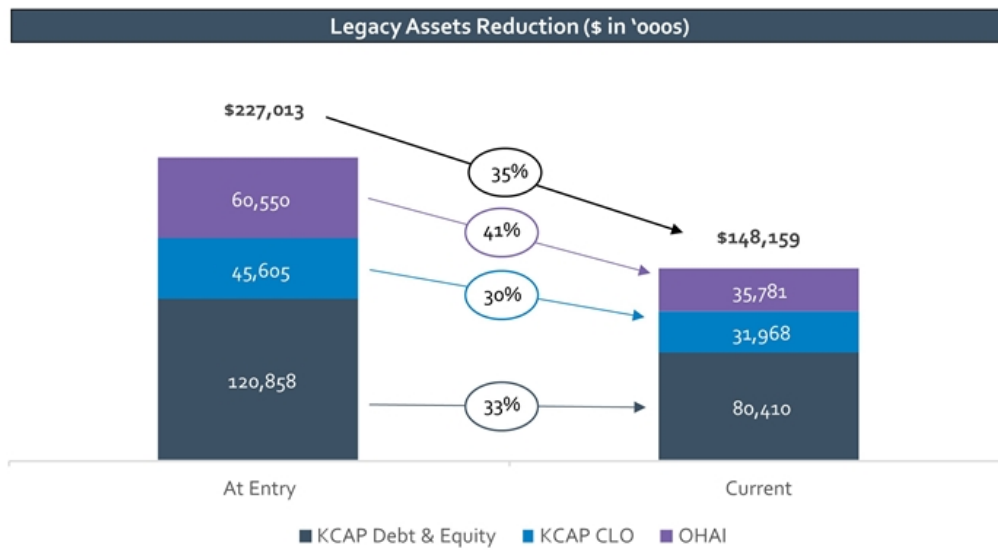
3. Including gains from OHAI merger.

(\$ in '000s)	Q2 2019	Q3 2019	Q4 2019
Beginning Balance	238,345	259,561	264,211
Purchases	38,596	54,874	73,612
Exits / Repayments / Amortization	(15,651)	(43,731)	(60,155)
Gains / (Losses)	(1,728)	(6,493)	(3,977)
Ending Balance	\$259,561	\$264,211	\$273,690
Average Spread to LIBOR ⁽¹⁾	676 bps	706 bps	700 bps
Senior Secured Assets (%) ⁽²⁾	50%	60%	48% ⁽³⁾

1. Debt Securities only, excludes assets on non-accrual

2. Based on Fair Market Value, Debt Securities only.

3. The % of senior secured assets excluding the OHAI acquisition is 56%

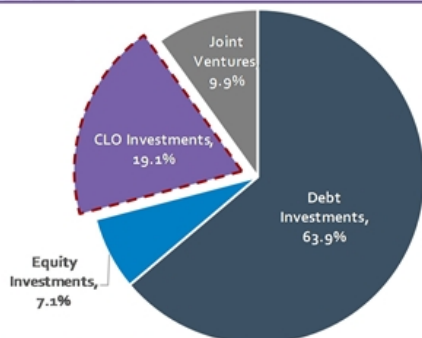


Over the 3 quarters since the externalization of PTMN, 32% of the legacy book has been rotated into BC Partners originated assets

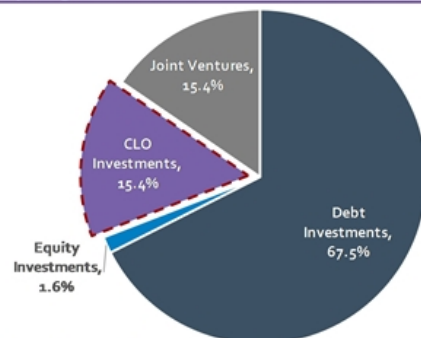
Asset Rotation Over the Last Three Quarters

BC Partners has been actively rotating the Portman Ridge portfolio out of its CLO investments into BC sourced and underwritten investments, both directly as a debt investment on balance sheet as well as through its managed JVs

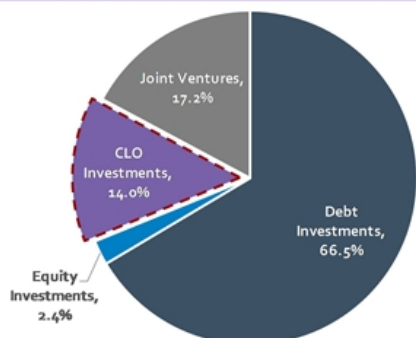
March 31st, 2019⁽¹⁾



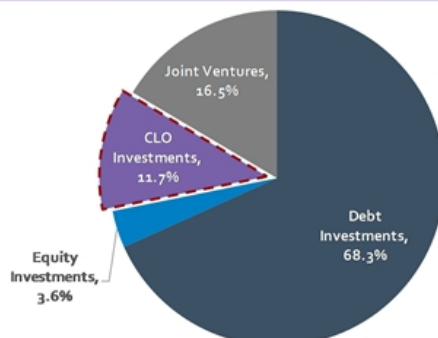
June 30th, 2019⁽¹⁾



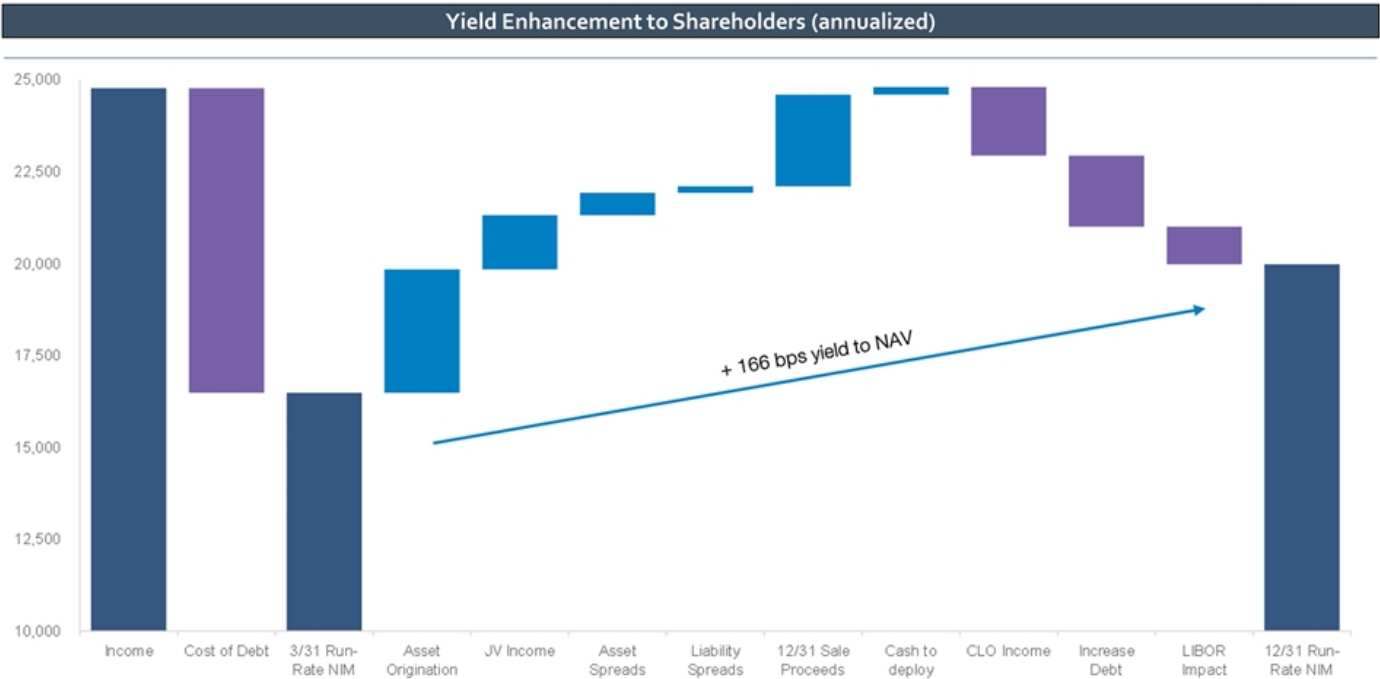
September 30th, 2019⁽¹⁾



December 31st, 2019⁽¹⁾



1. Investments shown on a fair market value basis net of short-term investments for comparability purposes



Note: Purple bars denote declines and blue bars denote increases.

Diversified Portfolio of Assets

65 Portfolio Companies and 88 Separate Securities

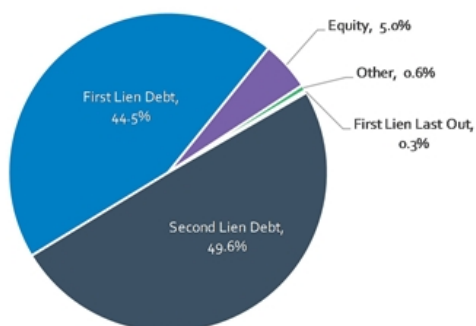
\$2.2mm / 1.1% Average Position Size

U.S Centric Investments: ~100% US Based Companies

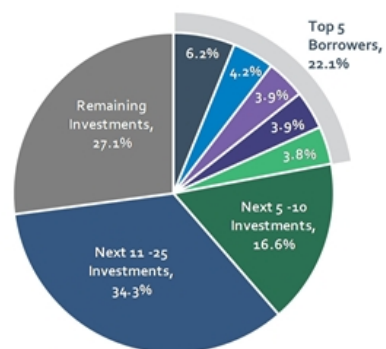
Focus on Non-Cyclical Industries with High FCF Generation

Credit quality has been stable during the rotation period

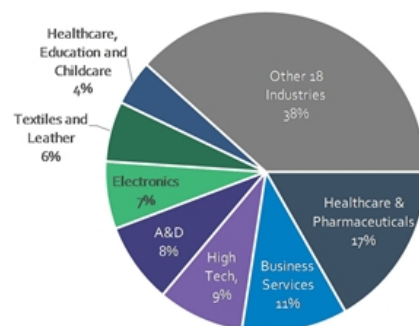
Asset Mix⁽²⁾



Diversification by Borrower⁽²⁾



Industry Diversification⁽²⁾

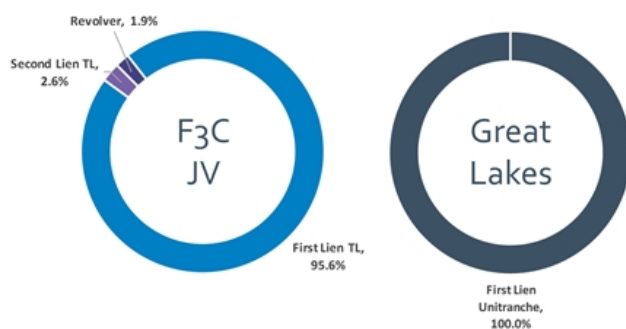


1. Figures shown do not include short term investments, CLO holdings, F3C JV portfolio companies or Great Lakes JV portfolio companies
 2. Shown as % of debt, equity and derivatives investments at fair market value

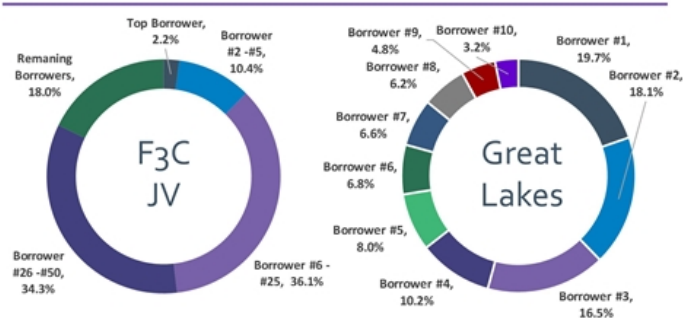
JV Portfolio Characteristics

Portfolio Characteristics	F3C JV	Great Lakes
Total Investments and Commitments	\$299.2mm	\$298.8mm
Unfunded Commitments	\$6.4mm	\$54.8mm
Weighted Average Investment Spread	L+485	L+559
Number of Portfolio Companies	82	10
Floating / Fixed (%)	100% / 0%	100% / 0%

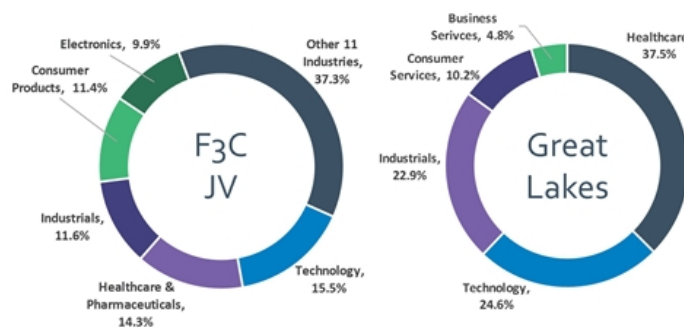
Asset Mix ⁽¹⁾



Diversification ⁽¹⁾



Industry ⁽¹⁾

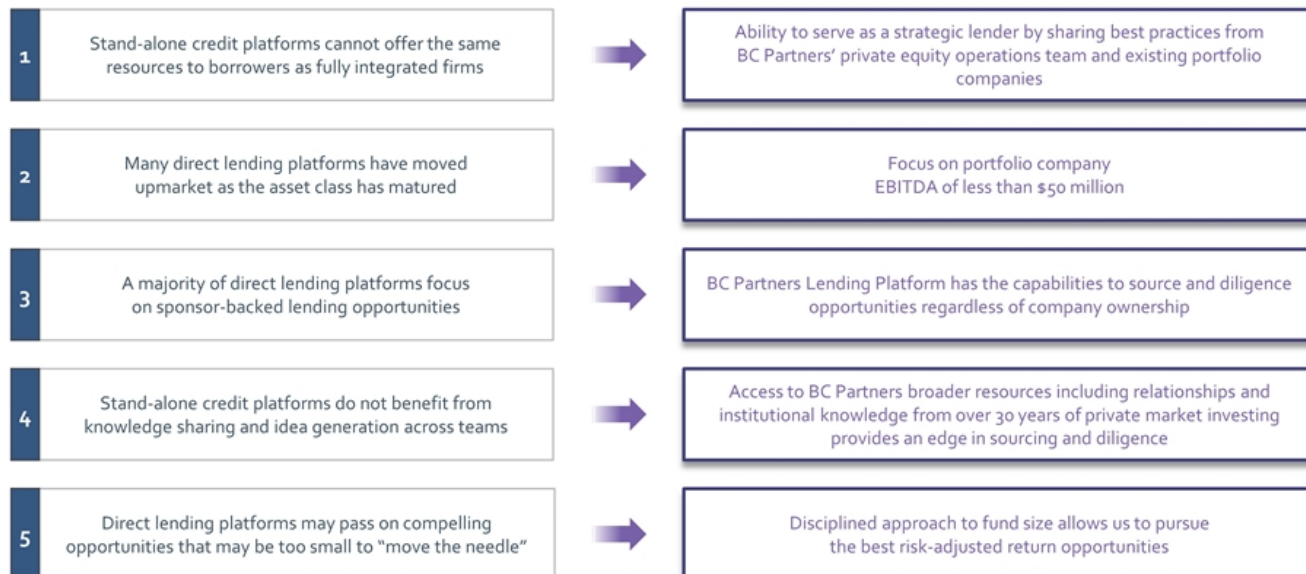


1. Shown as % of investments at fair market value



Appendix

- While the increasing popularity of direct lending has gathered many headlines as of late, we believe the BC Partners Credit platform is differentiated on six key aspects



BC PLATFORM

- Access to deal flow and sourcing through fully integrated model
- BCP Operations team supports our ability to add value to portfolio companies
- Utilization of BC Partners' broader resources, including relationships and institutional knowledge from over 30 years of private market investing
- Highly experienced administrator, custodian and auditor relationships and robust policies concerning third-party valuation

FLEXIBLE, DIFFERENTIATED STRATEGY

- Target smaller capital structures which are insufficiently compelling for large funds
- Core Plus strategy able to capitalize on opportunities in non-sponsored and niche specialty verticals alongside Core corporate lending
- Optimize exposures as the opportunity set changes
- Stockholders friendly fee and governance structure



DIVERSIFIED SOURCES OF DEAL FLOW

- Proactive sourcing model not reliant on one individual source or type of source
- Seek off-the-radar situations for bespoke solutions
- Develop proprietary, unbiased viewpoints on credit performance
- Origination and syndication capabilities allow for consideration of a wider range of transactions
- Exclusive unitranche partnership with a top lender to sponsor-backed middle-market companies

EXPERIENCED INVESTMENT TEAM

- Ted Goldthorpe served as President of Apollo Investment Corporation (one of the largest publicly traded U.S. BDCs) and CIO of the sub-advisor to CION Investment Corporation (one of the largest private BDCs)
- Senior team members with strong track record managing assets throughout multiple credit cycles at best-in-class institutions including Goldman Sachs, Apollo and TPG
- Portfolio monitoring processes developed over 15+ years working with middle-market companies to include serving on corporate boards

HIGH QUALITY UNDERWRITING

- Strong focus on balancing yield while mitigating the risk of principal impairment through financial and structural protection
- Experience with and ability to complete innovative and complex transactions
- Applies the same private equity style investment process employed for over 30 years at BC Partners

Full integration with the BC Partners platform provides an edge at every stage of the investment process

